

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

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E-04100a  
Southwest Transmission Coop., Inc.  
PO Box 2195  
1000 So. Hwy. 80  
Benson, AZ 85602-2195

RECEIVED

ARIZONA CORP COM  
UTILITIES

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2007
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FOR COMMISSION USE

ANN 01	07
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PROCESSED BY:

4-15-08

SCANNED

## COMPANY INFORMATION

Company Name (Business Name) <b>Southwest Transmission Coop., Inc.</b>		
Mailing Address <b>PO Box 2195</b>		
(Street)		
<b>Benson</b>	<b>AZ</b>	<b>85602</b>
(City)	(State)	(Zip)
<b>520-586-5599</b>	<b>520-586-5279</b>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address		
Local Office Mailing Address <b>Same as above</b>		
(Street)		
(City)	(State)	(Zip)
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address		

## MANAGEMENT INFORMATION

Management Contact: <b>Larry Huff, Senior Vice President &amp; Chief Operating Officer</b>			
	(Name)	(Title)	
<b>PO Box 2195</b>	<b>Benson</b>	<b>AZ</b>	<b>8560</b>
(Street)	(City)	(State)	(Zip)
<b>520-586-5210</b>	<b>520-586-5279</b>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address			
On Site Manager: <b>Same as above</b>			
(Name)			
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: **Roy Kyle**

(Name)

**One So. Church #700**

**Tucson**

**AZ 85701**

(Street)

(City)

(State)

(Zip)

**520-622-2090**

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: **Same as above**

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☒ Other (Describe) **Cooperative Corporation IRC 501 (c) 12**

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☒ COCHISE

☐ COCONINO

☐ GILA

☒ GRAHAM

☒ GREENLEE

☐ LA PAZ

☐ MARICOPA

☒ MOHAVE

☐ NAVAJO

☒ PIMA

☒ PINAL

☒ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

## SERVICES AUTHORIZED TO PROVIDE

Check the following box/es for the services that you are authorized to provide:

☐ **Electric**

- ☐ Investor Owned Electric
- ☒ Rural Electric Cooperative
- ☐ Utility Distribution Company
- ☐ Electric Service Provider
- ☒ Transmission Service Provider
- ☐ Meter Service Provider
- ☐ Meter Reading Service Provider
- ☒ Billing and Collection
- ☒ Ancillary Services
- ☐ Generation Provider
- ☐ Aggregator/Broker

☐ **Telecommunications**

- ☐ Incumbent Local Exchange Carrier
- ☐ Interexchange Carrier
- ☐ Competitive Local Exchange Carrier
- ☐ Reseller
- ☐ Alternative Operator Service Provider

☐ **Gas**

- ☐ Natural Gas
- ☐ Propane

☐ **Other** (Specify) \_\_\_\_\_

## STATISTICAL INFORMATION

### TELECOMMUNICATION UTILITIES ONLY

Total residence local exchange access lines	_____
Total business local exchange access lines	_____
Total revenue from Arizona operations	\$ _____
Total income from Arizona operations	\$ _____
Value of assets used to serve Arizona customers	\$ _____
Accumulated depreciation associated with those assets	\$ _____

## STATISTICAL INFORMATION (CONT'D)

### ELECTRIC UTILITY PROVIDERS ONLY

Total number of customers

Residential

Commercial

Industrial

Public street and highway lighting

Irrigation

Resale

Total kilowatt-hours sold

Residential

Commercial

Industrial

Public street and highway lighting

Irrigation

Resale

Maximum Peak Load

### GAS UTILITIES ONLY

Total number of customers

Residential

Commercial

Industrial

Irrigation

Resale

Total therms sold

Residential

Commercial

Industrial

Irrigation

Resale

VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only

RECEIVED

VERIFICATION

STATE OF \_\_\_\_\_

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <b>Cochise</b>
NAME (OWNER OR OFFICIAL) TITLE <b>Dirk C. Minson, Chief Financial Officer</b>
COMPANY NAME <b>Southwest Transmission Coop., Inc.</b>

CORP COMM  
Director Utilities

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT


IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 0

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ \_\_\_\_\_  
IN SALES TAXES BILLED, OR COLLECTED)

\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

  
SIGNATURE OF OWNER OR OFFICIAL  
520.586.3631  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

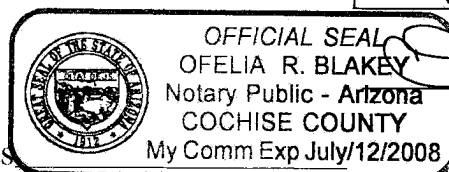
THIS

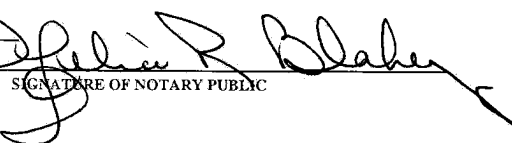
14th

DAY OF

COUNTY NAME <b>Cochise</b>	
MONTH <b>April</b>	YEAR <b>2008</b>

(SEAL)



  
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY

RECEIVED

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <b>Cochise</b>	12 CORP COMM DIRECTOR UTILITIES
NAME (OWNER OR OFFICIAL) <b>Dirk C. Minson</b>	<b>Chief Financial Officer</b>
COMPANY NAME <b>Southwest Transmission Coop., Inc.</b>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

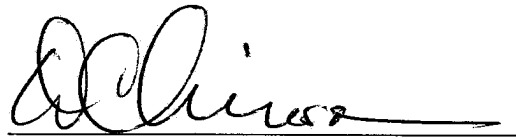
**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>0</u>

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$  
IN SALES TAXES BILLED, OR COLLECTED

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

X   
SIGNATURE OF OWNER OR OFFICIAL  
520.586.3631  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

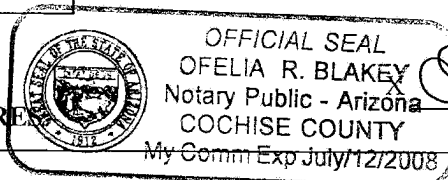
THIS

14th

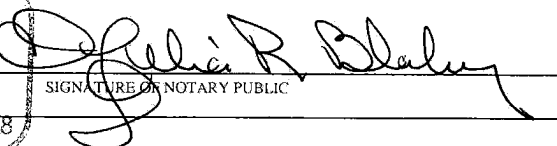
DAY OF

(SEAL)

MY COMMISSION EXPIRES



NOTARY PUBLIC NAME <b>Ofelia R. Blakey</b>	
COUNTY NAME <b>Cochise</b>	
MONTH <b>April</b>	20 <b>08</b>

  
SIGNATURE OF NOTARY PUBLIC

## **FINANCIAL INFORMATION**

Attach to this annual report a copy of the companies' year-end (Calendar Year 2007) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**



# Southwest Transmission Cooperative, Inc.

## Statement of Operations

For Year ended December 31, 2007

Subject to Audit

3/31/2008

	Current YTD	Plan YTD	Variance	Description	11 Mo 2007	Prior Yr 2006	
	<b>Operating Revenues</b>						
1	19,570,233	19,582,058	(11,825)	4101300 Class A - Firm Transmission	17,946,803	19,172,774	1
2	3,169,785	3,000,893	168,892	4101310 Class A - Reg Asset	2,934,356	2,995,056	2
3	1,141,390	1,150,830	(9,440)	4130000 Class A - DAF	1,021,125	731,987	3
4	1,500,711	1,409,677	91,034	4101800 Class A - Syst Cnt'l	1,396,083	1,407,749	4
5	44,484	0	44,484	4101810 Class A - React Supp	44,133	40,807	5
6	<u>128,525</u>	<u>0</u>	<u>128,525</u>	4101840 Class A - Del Losses	<u>128,524</u>	<u>26,727</u>	6
7	25,555,128	25,143,458	411,670	* Class A Member Revenue	23,471,024	24,375,100	7
8	6,643,880	6,345,012	298,868	4102300 Class B - Firm Transmission	6,085,373	6,555,894	8
9	12,628	0	12,628	4102710 Class B - Non Firm Transmission	12,324	1,064	9
10	567,544	565,284	2,260	4102800 Class B - Syst Cnt'l	496,934	566,146	10
11	<u>0</u>	<u>0</u>	<u>0</u>	4102810 Class B - React Supp	<u>21,157</u>	<u>0</u>	11
12	7,224,052	6,910,296	313,756	* Class B Member Revenue	6,615,788	7,123,104	12
13	1,503,475	1,895,194	(391,719)	4104400 Non Members - Firm Transmission	1,338,579	764,687	13
14	142,676	0	142,676	4104500 Non Members - Non Fi	119,623	16,049	14
15	151,145	0	151,145	4104800 Non Mbr - Syst Cnt'l	157,539	85,141	15
16	48,730	0	48,730	4104810 Non Mbr - React Supp	22,006	18,834	16
17	101,118	0	101,118	4104820 Non Mbr - Reg & Freq	94,654	75,324	17
18	<u>0</u>	<u>0</u>	<u>0</u>	4104830 Non Mbr - Energy Imb	<u>0</u>	<u>(285)</u>	18
19	1,947,145	1,895,194	51,951	* Non Member Revenue	1,732,401	959,750	19
20	852,651	786,624	66,027	4120000 Other Operating Revenues	781,791	982,922	20
21	<u>91,870</u>	<u>61,428</u>	<u>30,442</u>	4120100 Other Service Revenues	<u>71,063</u>	<u>287,148</u>	21
22	944,521	848,052	96,469	* Other Operating Revenue	852,854	1,270,070	22
23	35,670,846	34,797,000	873,846	** Total Operating Revenues	32,672,067	33,728,024	23
	<b>Operating Expenses</b>						
24	3,857,121	4,281,000	(423,879)	* Transmission Operations	3,409,157	3,600,354	24
25	4,854,833	4,533,000	321,833	* Wheeling & Ancillary Services	4,470,164	5,505,781	25
26	3,999,200	3,757,000	242,200	* Transmission System Control & Dispatch	3,363,111	3,532,596	26
27	3,572,883	3,129,000	443,883	* Transmission Maintenance	2,792,767	2,732,384	27
28	3,927,128	4,078,000	(150,872)	* Administrative and General (Incl. Teamworks)	3,477,406	4,037,388	28
29	7,549,428	7,905,000	(355,572)	* Depreciation and Amortization	6,949,891	7,539,508	29
30	1,864,715	1,695,000	169,715	* Taxes	1,874,026	1,938,327	30
31	29,625,309	29,378,000	247,309	** Total Operating Expenses	26,336,522	28,886,338	31
32	6,045,537	5,419,000	626,537	*** OPERATING MARGINS	6,335,545	4,841,686	32
	<b>Other Income &amp; Expenses</b>						
33	303,186	420,000	(116,814)	Interest Income	265,644	497,670	33
34	628,387	676,000	(47,613)	Interest During Const. (IDC)	586,901	222,120	34
35	7,448	0	7,448	Capital Credits from Cooperatives	7,448	8,742	35
36	0	0	0	Gain on Sale Transmission Line	0	243,514	36
37	<u>331,181</u>	<u>154,000</u>	<u>177,181</u>	Other Non-Op Income	<u>261,719</u>	<u>22,827</u>	37
38	1,270,202	1,250,000	20,202	* Total Other Income	1,121,712	994,873	38
39	(5,026,821)	(4,606,000)	(420,821)	Interest Expense - LT Debt	(4,558,184)	(4,881,885)	39
40	<u>(24,947)</u>	<u>(756,000)</u>	<u>731,053</u>	Interest Expense - Other	<u>(23,512)</u>	<u>0</u>	40
	(5,051,768)	(5,362,000)	310,232	Total Interest Expense	(4,581,696)	(4,881,885)	
41	7,976	(149,000)	156,976	Other Deductions	(2,355)	0	41
42	(5,043,792)	(5,511,000)	467,208	* Total Interest and Other Deductions	(4,584,051)	(4,881,885)	42
43	2,271,947	1,158,000	1,113,947	**** NET MARGINS	2,873,206	954,674	43
44	1.452	1.300		TIER		1.196	44
45	1.073	1.100		DSC		1.006	45

# Southwest Transmission Cooperative, Inc.

## Balance Sheet

For Month Ended December 31, 2007

03/31/08

Subject to Audit

Page 1

Item	Text for B/S P&L item	Total 12/31/07	Total 12/31/06	Difference
	<b>ASSETS</b>			
	<b>CASH &amp; CASH EQUIVALENTS</b>			
1	** Total Special Deposits	(255)	(123)	(132)
2	** Total Temporary Investments	4,499,156	7,594,952	(3,095,796)
3	** Total Petty Cash	21,164	11,871	9,293
4	** Total Bank Accounts	159,040	97,100	61,940
5	*** Total Cash & Cash Equivalents	4,679,105	7,703,800	(3,024,695)
	<b>ACCOUNTS RECEIVABLE</b>			
6	** Total Receivables - Domestic	3,764,870	2,770,387	994,483
7	** Total Intercompany Receivables	4,739	459,830	(455,091)
8	** Total Other Receivables	2,163,349	1,489,815	673,534
9	*** Total Accounts Receivable	5,932,958	4,720,032	1,212,926
	<b>MATERIALS &amp; SUPPLIES</b>			
10	** Total Materials & Supplies	1,744,186	1,391,212	352,974
11	** Total Stores Expense Undistributed	28,558	77,330	(48,772)
12	*** Total Materials & Supplies	1,772,744	1,468,542	304,202
	<b>OTHER CURRENT ASSETS</b>			
13	** Total Interest Receivable	16,502	16,669	(167)
14	** Total Other	1,807,546	5,070,538	(3,262,992)
15	*** Total Other Current Assets	1,824,048	5,087,206	(3,263,158)
	<b>PREPAYMENTS</b>			
16	*** Total Prepayments	2,168,523	1,716,984	451,539
	<b>PROPERTY, PLANT, &amp; EQUIPMENT</b>			
17	*** Total Property, Plant, & Equipment	142,038,970	132,177,142	9,861,828
	<b>ACCUMULATED DEPRECIATION ON PP&amp;E</b>			
18	*** Accumulated Depreciation on PP&E	(64,414,137)	(60,266,795)	(4,147,342)
	<b>Construction Work in Progress</b>			
19	*** Total Construction/Retirement Work in Progress	15,621,598	11,422,884	4,198,714
	<b>OTHER LONG TERM ASSETS</b>			
20	** Total Investments	2,388,526	2,382,060	6,465
21	** Total Special Funds	79,651	66,804	12,847
22	*** Total Other Long Term Assets	2,468,177	2,448,864	19,312
23	**** TOTAL ASSETS	112,091,986	106,478,660	5,613,326
	<b>LIABILITIES AND EQUITY</b>			
	<b>CURRENT LIABILITIES</b>			
	<b>TRADE PAYABLES</b>			
24	** Total Trade Payables	1,622,997	4,628,607	(3,005,610)
25	** Total Transmission Wholesale	414,252	569,957	(155,705)
26	** Total A/P Other	239,457	263,042	(23,585)

# Southwest Transmission Cooperative, Inc.

## Balance Sheet

For Month Ended December 31, 2007

03/31/08

Subject to Audit

Page 2

Item	Text for B/S P&L item	Total 12/31/07	Total 12/31/06	Difference
	<b>DEFERRED COMP &amp; EMPLOYEE BENEFITS</b>			
27	<b>** Total DEFERRED COMP &amp; EMPLOYEE BENEFITS</b>	798,326	744,085	54,241
	<b>TAX PAYABLE</b>			
28	<b>** Total Tax Payable</b>	932,817	974,356	(41,539)
	<b>INTEREST PAYABLE</b>			
29	<b>** Total Interest Payable</b>	405,361	389,746	15,615
	<b>INTERCOMPANY PAYABLES</b>			
30	<b>** Total Intercompany Payables</b>	3,226,132	1,223,910	2,002,222
	<b>Prepaid Payments</b>			
31	<b>** Total Prepaid Payments</b>	0	0	0
	<b>OTHER CURRENT LIABILITIES</b>			
32	<b>** Total Other Current Liabilities</b>	2,335	2,336	(1)
33	<b>*** Current Liabilities</b>	7,641,677	8,796,039	(1,154,362)
	<b>Long Term Liabilities</b>			
	<b>LOANS/NOTES PAYABLE</b>			
34	<b>**Total Loans/Notes Payable</b>	101,695,301	95,492,277	6,203,024
	<b>OTHER LONG TERM LIABILITIES</b>			
35	<b>** Total Other Long Term Liabilities</b>	(10)	(172)	162
36	<b>*** Total Long Term Liabilities</b>	99,987,846	95,492,105	4,495,741
37	<b>*** Total Liabilities</b>	107,629,523	104,288,144	3,341,379
	<b>EQUITY</b>			
	<b>MEMBERSHIPS</b>			
38	<b>** Total Memberships</b>	900	900	0
	<b>PATRONAGE CAPITAL</b>			
39	<b>** Total Patronage Capital</b>	5,024,714	5,024,714	0
	<b>RETAINED EARNINGS</b>			
40	<b>** Total Retained Earnings - Prior Yrs</b>	(2,835,098)	(3,789,772)	954,674
41	<b>** Operating Margins</b>	0	954,674	(954,674)
42	<b>Total Net Unallocated Retained Earnings - Prior Yrs</b>	(2,835,098)	(2,835,098)	(0)
	<b>PROFIT/LOSS CURRENT YEAR</b>			
43	<b>** Total Profit/Loss Current Year</b>	2,271,947		2,271,947
44	<b>*** Total Equity</b>	4,462,463	2,190,516	2,271,947
45	<b>**** TOTAL LIABILITIES &amp; EQUITY</b>	112,091,986	106,478,660	5,613,326